

### Remarks

In the Office Action mailed June 1, 2006:

1. The abstract was objected to;
2. Claims 1-2 and 14 were rejected under 35 U.S.C. § 102(b) as being anticipated by “When a check is not a check” by Orla O’Sullivan (O’Sullivan);
3. Claims 3-4, 15-18, 20-21, 23 and 25 were rejected under 35 U.S.C. § 103(a) as being unpatentable over O’Sullivan, in view of “Video Values – There’s More to Renting a Video than Price” by S. Gilje (Gilje);
4. Claims 5-9 and 11 were rejected under 35 U.S.C. § 103(a) as being unpatentable over O’Sullivan;
5. Claims 10-12 were rejected under 35 U.S.C. § 103(a) as being unpatentable over O’Sullivan, in view of “Here’s What it Takes to Get the Goods from Rental Outlets” by Y. Bendo (Bendo);
6. Claim 13 was rejected under 35 U.S.C. § 103(a) as being unpatentable over O’Sullivan, in view of “Debit Still Waiting for a Frequent Shopper Boom” in POS News (POS News);
7. Claim 19 was rejected under 35 U.S.C. § 103(a) as being unpatentable over O’Sullivan and Gilje, in view of Bendo; and
8. Claim 22 was rejected under 35 U.S.C. § 103(a) as being unpatentable over O’Sullivan and Gilje, in view of POS News.

#### I Abstract

The abstract has been amended to insert a missing word.

#### II O’Sullivan

O’Sullivan is an article addressing the conversion of a check into an ACH transaction (Abstract, page 1) and cannot anticipate the present invention or make it obvious, for at least the following reasons.

##### **A. O’Sullivan Does Not Contemplate Involvement of a Credit Source Separate from a Fund Source Used for an ACH Entry**

In claimed embodiments of the present invention (e.g., claim 1), a value of a transaction

is authorized against a credit source before initiating an ACH entry to retrieve the value from (or charge it to) a separate source of funds. If the ACH entry fails, the value can then be retrieved from the credit source.

O'Sullivan makes no mention of authorizing a value against a credit source. In a portion of O'Sullivan cited against this aspect of the invention (page 2, lines 7-8), O'Sullivan mentions conducting an ACH transaction as a debit, but performing a debit is very different from a credit. For example, in the accounting profession a credit involves an increase in a liability or net worth account or a decrease in an asset account, while a debit involves a decrease in a liability or net worth account or an increase in an asset account.

In practice, there are substantial differences between a credit transaction (e.g., performed with a credit card) and a debit transaction (e.g., performed with a debit card). When a consumer uses a debit card to make a purchase, the value of the transaction is automatically removed from the consumer's financial account (e.g., bank account) to which the card is linked; the transaction is thus functionally equivalent to a cash transaction. In contrast, when a consumer uses a credit card to make a purchase, the value of the purchase is borrowed from the credit card issuer and the consumer may be assessed interest on the amount borrowed.

In claims of the present application, the value of an ACH entry may be authorized against a user's credit source by verifying with the credit card issuer that the user has sufficient available credit to cover the value in case the ACH entry fails. The preauthorization of a debit as mentioned at page 4, lines 19-22 of O'Sullivan merely refers to a situation in which a customer approves a debit before it is actually conducted – no funds are actually authorized, held or transferred by the customer's financial institution until the debit is performed. This preauthorized debit is thus merely an agreement to allow a debit to occur at some later time, and is very different from authorizing a value against a credit source.

Further, the transactions mentioned in O'Sullivan involve only a single account or source of funds. The value of a consumer's transaction is taken from the account linked to the consumer's check; there is no mention of authorizing or allocating funds from another account or source. In contrast, in claimed methods of Applicant's invention, an authorization is performed against a first source of funds (e.g., a credit card) but an ACH transaction is initiated against a different source (e.g., a bank account).

Further, it is acknowledged later in the office action (page 5, last paragraph) that

O'Sullivan does not disclose verifying a credit source; this is correct because O'Sullivan makes no mention of credit sources, with regard to verifying, authorizing or anything else. In fact, because O'Sullivan only contemplated debit transactions, O'Sullivan actually teaches away from Applicant's invention as recited in claims of the present application.

In summary, O'Sullivan discusses performing an ACH entry as a debit (page 2, lines 7-8) or having a customer pre-approve a debit (page 4, lines 19-22), but does not contemplate authorizing against a credit source while performing an ACH entry against a different account or source.

**B. O'Sullivan Does Not Teach or Suggest Charging a Value to a Credit Source if an ACH Entry to a Different Source of Funds is Rejected or Fails**

In claimed embodiments of the invention (e.g., claim 1), when a transaction having a particular value is to be conducted for a user, that value is first authorized (and/or held) against a credit source of the user. An ACH entry is then initiated for the value and, if the ACH entry is rejected, the value may be charged to or against the credit source.

The portion of O'Sullivan cited as anticipating this aspect of Applicant's invention mentions the assessment of both a check amount and any nuisance fees that may be incurred (e.g., for a bounced check). However, the check amount and all such fees are retrieved from the same account that the check was drawn upon, which is not a credit source.

In contrast, claimed methods of Applicant's invention involve authorizing (and possibly holding) a value against a credit source of a user (e.g., a credit card) while actually initiating an ACH transaction against a different source (e.g., a bank account). O'Sullivan teaches away from this by requiring all checks and fees to be assessed against a single source of funds, and to retrieve the checks and fees as *debits*, never via *credit* transactions.

**C. O'Sullivan Does Not Teach or Suggest Releasing the Value of a Value Transfer Before an ACH Debit for the Transfer is Completed**

In claimed embodiments of the invention (e.g., claim 15), the value of a value transfer is released to the recipient before an ACH debit performed to retrieve the value is completed.

In the portion of O'Sullivan cited against this aspect of Applicant's invention (page 2, lines 1-2), it is stated that a check is converted into an ACH payment and that banks are promised higher transaction-processing fees. This says nothing about releasing the value of a

value transfer before ACH payment for the transfer is complete. The fees earned by a bank for performing the payment are not the value of the transfer – they are totally separate. If anything, the point of this sentence of O’Sullivan is that banks want to make as much profit as possible, in which case they would *never* release the value of a value transfer until that value is retrieved via an ACH payment.

As discussed above, O’Sullivan does not address the use of credit sources at all, and instead describes only one source of funds – an account tied to a check that is converted into an ACH payment. Thus, O’Sullivan cannot make obvious embodiments of Applicant’s invention in which two different fund sources are involved – one for performing an ACH entry and one against which the value of the ACH entry is authorized and possibly held and charged.

### III Gilje

Gilje is an article discussing video rentals, and cannot anticipate the present invention or make it obvious, for at least the following reason(s).

#### **A. Gilje Does Not Teach One to Authorize or Hold Funds**

In claimed embodiments of the present invention, a value of a transaction is authorized and possibly held against a credit source before initiating an ACH entry to retrieve the value from (or charge it to) a separate source of funds. If the ACH entry fails, the value may be charged against the credit source.

In the portion of Gilje cited for teaching one to hold funds against a credit source (page 3, lines 1-10), mention is made of requiring a \$100 deposit, payable by credit card or check. This one sentence does not indicate that an authorization or hold is or should be placed against a credit card.

In particular, in line 1 of page 3 of Gilje, it is mentioned that some video stores merely record the credit card number. This, in context with the rest of the article, indicates that the deposit may only be charged (or attempted to be charged) if a rented video is not returned.

And, more to the point, even if a video store were to charge a \$100 deposit against a customer’s credit card at the time a rental is made, there is no indication that an authorization or hold is performed. And, even if an authorization was automatically performed, a hold is not necessarily performed for every successful authorization.

Thus, the mere mention in Gilje of paying a deposit by credit card cannot be considered to teach or suggest holding a value against a credit source if an authorization is successful. And, because Gilje does not teach this aspect of Applicant's invention (e.g., as recited in claim 3), it also cannot make obvious Applicant's action of releasing the hold upon successful clearance of an ACH entry against a different source of funds (e.g., as recited in claim 4).

#### IV Selected Claims

##### **A. Claims 1-14 and 26**

Claims 1 and 14 recite "authorizing said first value against a credit source associated with said first entity." As described above in Section II.A, O'Sullivan does not involve or even mention credit sources, and therefore cannot be interpreted as teaching this element.

Claims 1 and 14 further recite "if said ACH entry is rejected, charging all or a portion of said first value against said credit source." As discussed in Section II.B, O'Sullivan does not discuss use of multiple fund sounds and, in particular, does not involve charging a credit source if an ACH entry against a different source of funds is rejected.

Claims 3-4 recite holding the first value if the authorizing action of claim 1 is successful, and releasing the hold if the ACH entry clears. As described above in Section III.A, Gilje does not teach or suggest holding a value as recited in claim 3, and therefore the combination of O'Sullivan and Gilje does not teach or suggest releasing the hold as recited in claim 4.

Applicant strongly disagrees that it would have been obvious to one of ordinary skill in the art to combine the holding of funds against a credit source and the processing of an ACH transaction against an entirely separate source of funds, as disclosed and claimed in the present application.

Claim 26 was added to even more clearly reflect an embodiment of the invention in which the credit source against which the value of a transaction is authorized is different from the source of funds for the ACH entry.

##### **B. Claims 15-23 and 27**

Claims 15 and 23 are directed to an embodiment of the invention in which the amount of a value transfer is released before an ACH entry initiated to retrieve that amount is completed, and have been amended to make that aspect clearer. As discussed above in section II.C,

O'Sullivan does not contemplate this action. Quite to the contrary, O'Sullivan addresses the conversion of a check into an ACH transaction that can be conducted electronically and immediately. More generally, O'Sullivan does not involve or even mention credit sources, as discussed in section II.A.

Further, claims 15 and 23 specify that if the ACH entry fails, some (or all) of the amount is charged against a credit source separate from the fund source targeted by the ACH entry. In section II.B above it is shown that O'Sullivan does not teach or suggest this.

Claims 15 and 23 also recite authorizing and holding the amount against a credit source; as described in section III.A, Gilje does not teach this.

Claim 27 was added to yet more clearly reflect an embodiment of the invention in which the credit source against which the value of a transaction is authorized and held is different from the source of funds for the ACH entry.

#### **C. Claim 24**

Claim 24 is directed to an embodiment of the invention in which an ACH entry is conducted against one fund source to retrieve funds for a fund transfer, but the funds are also charged to a different source – a source of credit. If the ACH entry succeeds, the charge to the credit source can be reversed. Claim 24 was amended to make it clearer that the credit source is different from the source of the ACH funds and that the funds are released before the ACH entry is resolved.

Claim 24 was rejected over the combination of O'Sullivan and Campbell, wherein Campbell was cited as teaching one to credit an amount charged to a credit source if a separate ACH entry succeeds. However, Campbell merely mentions cancelling a charge made to cover a deposit.

Applicant asserts that it is, and was, at the time the present application was filed, not obvious to combine an ACH entry for an amount with a charge to a credit card for the same amount, wherein the charge is reversed if the ACH entry completes successfully. The fact that no prior art reference describing or suggesting such a combination could be identified is but one piece of evidence showing that the combination was far from obvious.

#### **D. Claim 25**

Claim 25 is directed to an embodiment of the invention in which the amount of a value transfer is released before an ACH entry initiated to retrieve that amount is completed. As discussed above in section II.C, O'Sullivan does not contemplate this action. Quite to the contrary, O'Sullivan addresses the conversion of a check into an ACH transaction that can be conducted electronically and immediately.

In this embodiment, a database stores financial data of a user to include identifiers of a credit source available to the user and a separate external account at a financial institution. And, a credit module takes action against the user's credit source. As discussed in section II.A, O'Sullivan does not involve or even mention credit sources, especially a credit source separate from an account to be used for an ACH transaction.

Claim 25 also specifies that the value is charged to the credit source if a separate ACH debit initiated to retrieve the value from the user's external account is unsuccessful. As described in section II.B, O'Sullivan does not contemplate this action.

Further, claim 25 recites holding the value against the credit source. As discussed in section III.A, Gilje does not teach this.

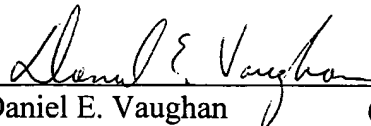
#### **CONCLUSION**

No new matter has been added with the preceding amendments. It is submitted that the application is in suitable condition for allowance. Such action is respectfully requested. If prosecution of this application may be facilitated through a telephone interview, the Examiner is invited to contact Applicant's attorney identified below.

Respectfully submitted,

Date: July 27, 2006

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